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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Washington DC
401ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: WallachBeth Capital, LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
100 Wall Street, 6th Floor

OFFICIAL USE ONLY	
FIRM I.D. NO.	

(No. and Street)

New York

NY

10005

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Gary Gettenberg 212-668-8700

(Area Code -- Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rosen and Glaser C.P.A.s, P.C.

(Name - if individual, state last, first, middle name)

60 Cutter Mill Road, Suite 310

Great Neck

NY

11021

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

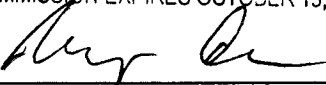
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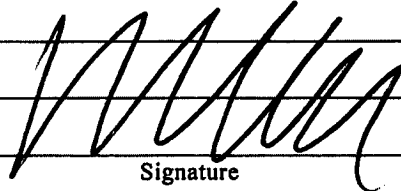
OATH OR AFFIRMATION

I, Michael Wallach, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WallachBeth Capital, LLC, as of December 31, 20 12, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

MARY CLARK
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CL6212597
QUALIFIED IN KINGS COUNTY
COMMISSION EXPIRES OCTOBER 13, 2013



Notary Public



Signature

CEO

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**WALLACHBETH CAPITAL, LLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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AMERICAN INSTITUTE OF C.P.A.'S
NEW YORK STATE SOCIETY OF C.P.A.'S
MURRAY M. ROSEN
JEFFREY I. GLASER

Independent Auditors' Report

To the Members of
WallachBeth Capital, LLC

We have audited the accompanying statement of financial condition of WallachBeth Capital, LLC (the "Company" – a wholly owned subsidiary of WallachBeth Holdings, LLC) as of December 31, 2012. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of WallachBeth Capital, LLC as of December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

ROSEN and GLASER C.P.A.s, P.C.

Rosen and Glaser C.P.A.s, P.C.

February 28, 2013
Great Neck, New York

WALLACHBETH CAPITAL, LLC
STATEMENT of FINANCIAL CONDITION
at DECEMBER 31, 2012

ASSETS

Cash and cash equivalents	\$ 2,908,262
Due from broker	85,780
Commissions receivable	2,070,299
Marketable securities	70,982
Furniture and fixtures, net of accumulated depreciation of \$240,479 (Note 2(d))	308,237
Leasehold improvements, net of accumulated amortization of \$12,474 (Note 2(d))	128,439
Other assets	<u>731,749</u>
Total assets	<u><u>\$ 6,303,748</u></u>

LIABILITIES and MEMBERS' EQUITY
LIABILITIES

Accounts payable and accrued expenses	\$ 1,646,067
Liability for pension benefits (Note 6)	<u>520,396</u>
Total liabilities	<u>2,166,463</u>

Commitments and Contingencies (Notes 3 and 4)

Members' equity (Note 5)

Members' equity	<u>4,137,285</u>
Total members' equity	<u>4,137,285</u>
Total liabilities and members' equity	<u><u>\$ 6,303,748</u></u>

The accompanying notes are an integral part of these financial statements

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. ORGANIZATION:

WallachBeth Capital, LLC (the “Company”) is a New York Limited Liability Company organized in New York State in May 2008. The Company is registered as a broker-dealer with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is an ‘inter-market-broker’ specializing in exchange-listed equity options and index products, ETF’s, equities and non-US equities. The Company operates on a fully-disclosed, agency-only basis. The Company is a 100% wholly owned subsidiary of WallachBeth Holdings LLC (the “Parent”).

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

2. SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities Owned:

Proprietary securities transactions in regular-way trades are recorded on settlement date. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a settlement date basis. Settlement date basis is not materially different from trade date basis.

Securities are recorded at fair value, level 1 – quoted price, in accordance with FASB ASC 820, Fair Value Measurements and Disclosures.

Depreciation and Amortization:

Furniture and equipment are being depreciated over their estimated useful lives (2 to 7 years). Amortization of leasehold improvements is computed using the straight-line method over the estimated useful lives of the improvements.

Commissions:

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. However, certain commissions are recorded on a settlement date basis which is not materially different from trade date basis.

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

Income Taxes:

No provision for federal and state income taxes has been made since, as a limited liability company, the Company is not subject to income taxes. The Company's income or loss is reportable by the Parent on its tax returns. However, there is a provision for local unincorporated business tax.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

The Company maintains its cash in bank accounts which, at times, may exceed insured limits. The Company has not experienced any loss in these accounts and does not believe it is exposed to any significant credit risk on cash.

3. FAIR VALUE MEASUREMENT:

The Company carries its investments at fair value. ASC 820, Fair Value Measurements and Disclosure, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – fair values derived from unadjusted quoted prices of identical assets in active markets.
- Level 2 – Fair values derived from quoted prices of similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and model driven valuations in which all significant participant inputs are observable in active markets.
- Level 3 – Fair values derived from inputs which are not observable in markets.

	Total	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Equity Securities	\$55,482	\$55,482	\$0	\$0
Options	15,500	15,500	-	-

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

4. DUE FROM CLEARING BROKERS:

The clearing and depository operations for the Company's securities transactions are provided by one broker. At December 31, 2012, all of the securities owned and the majority of the amounts due from the broker reflected in the Statement of Financial Condition are positions with and amounts due from this broker. Subject to the clearing agreement between the Company and this clearing broker, the clearing broker has a lien and right of set-off against all amounts deposited and held in those accounts.

5. RECEIVABLE FROM CUSTOMERS:

Accounts receivable from customers consist of commissions due on institutional options and equity executions.

6. PENSION PLANS:

The Company has a 401(k) Plan ("Plan") to provide retirement and incidental benefits for its employees. Employees may contribute from 0% to 100% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company makes a Safe Harbor contribution equaled to 3% of compensation. Safe Harbor Contributions vest immediately. In addition, the Plan provides for discretionary profit sharing contributions as determined by management. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants.

The Company also sponsors a funded defined benefit pension plan for eligible employees who are 21 years of age with one or more years of service. Benefits are paid to retirees based on age at retirement, years of credited service, and average compensation. The Company's funding policy is to contribute the larger of the amount required to fully fund the plan's current liability or the amount necessary to meet the funding requirements, as defined by the Internal Revenue Code. Assets of the plan are administered by an independent trustee and are invested principally in fixed income and equity securities. The operating agreement was clarified effective January 1, 2012 to reflect that the parent is the responsible entity with regard to plan benefits provided to the members.

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

OBLIGATIONS AND FUNDED STATUS AT DECEMBER 31

CHANGE IN BENEFIT OBLIGATION

Benefit obligation at date of fiscal year end - prior year	\$ 590,933
Service Cost	205,990
Interest Cost	27,124
Participant Contributions	0
Plan Amendments	0
Actuarial (gain)/loss	56,456
Acquisitions (divestures)	0
Benefits Paid	0
Curtailments	0
Settlements	0
Special Termination Benefits	0
Benefit obligation at date of fiscal year end - current year	\$ 880,503

CHANGE IN PLAN ASSETS

Fair value of plan assets at date of fiscal year end - prior year	250,918
Actual return on plan assets	5,555
Acquisitions (divestures)	0
Employer contributions	103,634
Participant Contributions	0
Benefits Paid	0
Settlements	0
Fair value of plan assets at date of fiscal year end - current year	\$ 360,107

FUNDED STATUS AT END OF YEAR	\$ (520,396)
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Amounts recognized in the statement of financial position consist of:

Non Current Assets	0
Current Liabilities	0
Noncurrent Liabilities	(520,396)
Net amount recognized	(520,396)

Amounts recognized in accumulated other comprehensive income consist of:

Net loss (gain)	308,610
Prior Service Cost (credit)	193,895
	<u>502,505</u>

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

The accumulated benefit obligation for all defined benefit plans was \$771,059 at December 31, 2012.

**INFORMATION FOR PLANS WITH ACCUMULATED BENEFIT OBLIGATION
IN EXCESS OF PLAN ASSETS**

Projected benefit obligation	\$ 880,503
Accumulated benefit obligation	771,059
Fair value of plan assets	360,107

**COMPONENTS OF NET PERIODIC COST AND OTHER AMOUNTS RECOGNIZED
IN OTHER COMPREHENSIVE INCOME**

Net Periodic Benefit Cost

Service Cost	\$ 205,990
Interest Cost	27,124
Expected return on plan assets	(18,134)
Amortization of unrecognized transition (asset) / obligation	0
Amortization of prior service cost	11,676
Amortization of net (gains) / loss	10,161
Recognized settlement (gain) / loss	0
Recognized curtailment (gain) / loss	0
Net periodic cost	\$ 236,787

**Other Changes in Plan Assets and Benefit Obligations Recognized in Other
Comprehensive Income**

Net loss (gain)	45,295
Prior Service Cost (Credit)	0
Amortization of prior service cost	(11,676)
Total Recognized in other comprehensive income	34,619
Total Recognized in net periodic benefit cost and other comprehensive income	\$ 271,406

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from other comprehensive income into net periodic benefit cost over the next fiscal year is \$10,469.

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

ASSUMPTIONS

**Weighted average assumptions used to determine
benefit obligation at December 31**

Discount rate	4.35%
Rate of compensation increase	0.00%

**Weighted average assumptions used to determine
net periodic benefit cost for years ended December 31**

Discount rate	4.59%
Expected long-term return on plan assets	6.00%
Rate of compensation increase	0.00%

Expected Benefit Payments

Expected Benefit Payments Year 1	0
Expected Benefit Payments Year 2	0
Expected Benefit Payments Year 3	0
Expected Benefit Payments Year 4	0
Expected Benefit Payments Year 5	0
Expected Benefit Payments Year 6 - 10	0

Plan Assets

The Company's overall investment strategy is a current mix of 78% of the assets in fixed index products and 22% in short term fixed securities. The fixed index products are tied to the stock market, the upside is capped based on market volatility and current interest rates. The short term fixed securities can be moved into stock funds but the principal is protected through guaranteed income and a death benefit.

		Pension Plan Assets		
		Fair Value Measurements at		
		December 31, 2012		
<u>Asset Class</u>	<u>Total</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	\$ 399,152	\$ 399,152		
Fixed Indexed Products	1,408,841		1,408,841	
Total	<u>\$1,807,993</u>	<u>\$ 399,152</u>	<u>\$1,408,841</u>	<u>-</u>

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

7. SUBSEQUENT EVENTS:

The Company has evaluated events and transactions that occurred between January 1, 2013 and February 28, 2013, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

8. CONCENTRATIONS OF CREDIT RISK:

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

9. COMMITMENTS and CONTINGENT LIABILITIES:

The Company leases its office space for a term expiring on February 28, 2018. The lease provides for scheduled increases in future minimum annual rental payments. The lease includes in the rent, an electric inclusion amount and a provision for additional rent, if applicable (calculated as the increase in operating expenses and taxes over the base year).

The Company also leases two corporate apartments, both with terms expiring on February 28, 2013.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2013	\$ 399,205
2014	387,123
2015	389,017
2016	361,498
2017	369,674
2018	54,773

WALLACHBETH CAPITAL, LLC
NOTES to FINANCIAL STATEMENTS
DECEMBER 31, 2012

10. GUARANTEES:

Indemnifications:

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

Exchange Member Guarantees:

The Company is a member of various exchanges that trade and clear securities or futures contracts or both. Associated with its membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange. Although the rules governing different exchange memberships vary, in general the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other nondefaulting members of the exchange. Any potential contingent liability under these membership agreements cannot be estimated. The Company has not recorded any contingent liability in the financial statements for these agreements and believes that any potential requirement to make payments under these agreements is remote.

11. NET CAPITAL REQUIREMENTS:

The Company is subjected to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2012, the Company had Net Capital of \$1,995,646, which was \$1,851,208 in excess of its required net capital of \$144,438. The Company's net capital ratio was 108.56%.

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT
ON INTERNAL CONTROL

ROSEN AND GLASER C.P.A.s, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
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NEW YORK STATE SOCIETY OF C.P.A.'s
MURRAY M. ROSEN
JEFFREY I. GLASER

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT
ON INTERNAL CONTROL

To the Members of
WallachBeth Capital, LLC

In planning and performing our audit of the financial statements and supplemental schedule of WallachBeth Capital, LLC (the "Company" – a wholly owned subsidiary of WallachBeth Holdings, LLC) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are

safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority (FINRA) and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Rosen and Glaser C.P.A.s, P.C.

Rosen and Glaser C.P.A.s, P.C.

Great Neck, New York
February 28, 2013